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Dirksen Finds O'Mahoney Inquiry, And Not Regulation, Inadequate

In view of the consistency with which Sen. O'Mahoney has equated competition with price competition in insurance during his conduct of the investigation into the insurance business and its regulation by the Senate antitrust and monopoly subcommittee, the minority views on the investigation and its results expressed in the report prepared by Sen. Dirksen are of interest.

Sen. Dirksen strongly urges the fundamental differences between insurance and other commercial and industrial enterprises and vigorously argues that these differences demand the application of different standards to the business to determine if competition exists. Mr. Dirksen contends that the business is highly competitive (even in the ocean marine market, between American and foreign insurers). He is especially scornful of the majority views of the inadequacy of state regulation.

Philosophies Alike

The philosophy of the majority report, Sen. Dirksen contends, is the same as that expressed by Sen. O'Mahoney in the report of the Temporary National Economic Committee, of which Mr. O'Mahoney was chairman, and which spent $1,070,000 investigating the insurance business, particularly life insurance, in the late 1930s. In the 29,667 pages of that total report, Mr. O'Mahoney recommended a national rule for national corporations that carry on national commerce, regulated by the federal government, with the states regulating the business within their borders.

According to Mr. Dirksen, Mr. O'Ma-

(CONTINUED ON PAGE 18)

N. Y. Legislators Gravely Concerned Over Cancellations

Condon Committee Surveying Every Producer In State To Get Facts On Auto Problem

NEW YORK—The state's joint legislative committee on insurance rates and regulation has prepared, and the insurance department is distributing, a questionnaire to producers of the state. The purpose of the inquiry is to determine the nature and extent of the automobile insurance cancellation problem. The questionnaire is returnable Sept. 12.

This came out at a one day hearing on the cancellation problem conducted here by the committee. Sen. William F. Condon, chairman, presided.

The next hearing will be held in late August by the committee in Nassau County, to hear complaints by members of the public. Another will be held in September in New York. Sen. Condon indicated the committee had not decided whether to hold an upstate session—that will depend on what the group finds out as a result of its questionnaire. He said also that at present the committee has not issued any subpoenas. He implied that members of the committee so far did not think subpoenas would be necessary.

Legislators Seriously Concerned

The questioning by members of the committee and their comments on testimony indicated that legislators are gravely concerned over cancellation of auto policies. Several bills were introduced in this year's legislature which would have restricted seriously the rights of cancellation by the insurers. Testimony here indicated that the problem is "critical" in the metropolitan area.

However, there appeared to be a disagreement on whether there is much of a problem outside the metropolitan area. The committee introduced evidence that companies or agencies upstate are cancelling producers or sub-producers who do not give them business to "support" the automobile writings.

On the other hand, agents testified that the problem out-of-city is minor or non-existent. Brokers in the metropolitan sector, or their representatives, were almost unanimous in their description of cancellations as being a terrible problem indeed, one productive of the vast increase in assigned risks.

In fact, more of the discussion at the hearing dealt with assigned risks and the AR plan's rating than with cancellations, though cancellations may and do lead to assignments.

At one point Sen. Greenberg, a member of the committee, declared that if the companies don't take care of insured "equitably," the legislature will take action to "force" them to do so. His comments at other points in

NAIC Committees Are Appointed

Committee appointments for the 13 standing committees of National Assn. of Insurance Commissioners have been made by President Sam N. Beery of Colorado. A number of changes in chairmanship have occurred, the most notable probably being the return to the ranks of committee chairman of Zack D. Cravey of Georgia to lead the A&H committee. Mr. Cravey has not been a committee chairman since the fire prevention committee expired a few years ago.

Committees and their chairmen and vice-chairman, respectively, are:

A&H—Zack D. Cravey of Georgia and John J. Holmes of Montana.

Blanks—Charles R. Howell of New Jersey and Ralph F. Apodaca of New Mexico.

Definition and interpretation of underwriting powers—Walter D. Davis of Mississippi and Leo O'Connell of Idaho.

Fire, marine, casualty and surety—George F. Mahoney of Maine and C. J. Pearson of West Virginia.

Fraternal insurance—Harvey G. Combs of Arkansas and William E. Grubbs of Nebraska.

Insurance covering all installment sales and loans—J. Edwin Larson of Florida and C. F. Gold of North Carolina.

Laws and legislation—Joseph S. Gerber of Illinois and Thomas Thacher of New York.

Life insurance—C. Lawrence Leggett of Missouri and A. N. Premo, Connecticut.

Non-profit hospital and medical service associations—Francis R. Smith of Pennsylvania and Joe B. Hunt of Oklahoma.

Preservation of state regulation—Donald Knowlton of New Hampshire and J. S. Gerber of Illinois.

Rates and rating organizations—F. Britton McConnell of California and E. A. Stowell of Ohio.

Unauthorized insurance—Cyrus E. Magnusson of Minnesota and A. J. Jensen of North Dakota.

Valuation of securities—Thomas Thacher of New York and W. A. Sullivan of Washington.

Hopps Free On Bond In Mail Charges, Is Hit By Tax Lien

Stewart B. Hopps was arraigned this week in federal court at Baltimore on charges of using the mail to defraud in connection with the financial statement of International Guaranty & Insurance of Tangier, Morocco. Following his plea of not guilty, Mr. Hopps continued under a $10,000 bond, pending trial for which no date has been set.

George W. McManus Jr., Mr. Hopps' attorney, was granted a request for three weeks in which to file motions.

A federal income tax lien has been filed in the office of the Marin County, Cal., recorder against Mr. and Mrs. Hopps for $88,057. The lien specifies deficiencies of $17,805 in 1950, $43,747 in 1951, and $26,503 in 1952, and was prepared in New York and sent to California for service.

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General Of Seattle Quits Boiler Field

General of Seattle on or about Sept. 1 will discontinue acceptance of new boiler and machinery business. The company is making arrangements for handling business now on the books by individual agencies.

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Cuba, Congo Rates Revised

British underwriters of war risk coverage on vessels have added Cuba to "areas excluded or held covered at a rate to be agreed upon" on all insurance contracts arranged on or after July 22.

Earlier, Institute of London Underwriters increased shipping risk rates to the Congo. War and strike, riot and civil commotion rates were increased from 11 cents to 35 cents per $280.

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The **Texas department** has scheduled a hearing for Aug. 4 at Austin on the merchants property policy to hear arguments as to whether policy conditions, forms, rules and rates should be promulgated and prescribed by the department or whether the coverage should be classified as inland marine.

Magill, Naghten Agencies Combine

Two well known Chicago agencies, Magill agency and John Naghten & Co., have formed a new agency to be known as Naghten, Powell & Stark.

Naghten & Co. will turn over to the new agency all of its brokerage accounts with the exception of surplus lines and Lloyd's business.

Donald L. Powell, who was insurance buyer for U. S. Gypsum prior to 1952 when he purchased Magill agency, will be president of the new organization, scheduled to begin operations Sept. 1. Mr. Naghten is a former president of both Chicago Board of Underwriters and Illinois Assn. of Insurance Agents.

D. L. Powell

J. T. Naghten

Larry J. Stark, who has been manager of Magill, will continue in that capacity for both agencies. Harry Ingersoll of Naghten will supervise the fire and marine department of Naghten, Powell & Stark, while Mr. Stark will supervise casualty operations.

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Fire Examiners Golf

Assn. of Fire Insurance Examiners of Chicago held its annual outing at Glendale Country Club, Itasca, Ill., with 104 members and guests in attendance. Fred Kampfer of Hartford Fire was low gross winner.

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In the story of the annual convention of **Virginia Assn. of Insurance Agents** which appeared in a recent issue, the new president, Hugh H. Coiner of Arlington, was said to be succeeding Rieves S. Hodnett of Martinsville. The outgoing president is Jay C. Litts of Norton.

XUM

the hearing indicated his belief or suspicion that many cancellations, perhaps most of them, are not for good cause. He also questioned the validity of some of the surcharging of assigned risks and the equity of some of the factors in base rating, notably territorial distinctions.

Critical Of Insurers

Sen. Lerner of Queens, not a member of the committee, appeared as a witness. He said he had sponsored one of the 1960 bills against "indiscriminate" cancellation. He described insurers as "high handed and insolent" in their cancellation practices. They have, he declared, dumped brokers wholesale. They have cancelled for accidents not insured's fault, and they have cancelled simply because insured was old.

The magnitude of the problem requires action by the legislature, Sen. Lerner testified. The non-cancellable auto policy of Allstate is a step in the right direction. However, he doesn't think it is enough—and unless the insurers take action before the end of the year, the legislature should act.

When Gay Milbrandt of Pelham, who testified on behalf of Mutual Agents Assn. of New York State, said his insurers through his agency provide better treatment of insured with respect to non-cancellation and renewal than would exist under any or all of the bills introduced in the legislature to restrict company cancellations, Julius Wikler, former insurance superintendent and now special counsel to the Condon committee, said, "yes, but that is on a voluntary basis." Mr. Milbrandt said that it should be.

Where Problem Comes From

To this, Sen. Condon shook his head and said, "no, no." Whereupon, Mr. Milbrandt said that five times as many cancelled insured come to him for help from exclusive agent companies than from all other sources combined.

Also on hand for the committee were Paul Bleakley, counsel; and William F. Condon Jr., son of the senator, associate counsel.

Witnesses included C. Joseph Danahy, counsel of Greater New York Insurance Brokers Assn.; Arthur L. Schwab of Staten Island, legislative representative of New York State Assn. of Insurance Agents; George P. Saladino, Jackson Heights agent and broker; Edward Cirlin, president of Kings County Brokers Assn.; Henry Abrams, representing Brooklyn Brokers Assn.; Harold Fleischer, New York broker and chairman of the brokers' joint council, who asked to appear later; Aaron Riez, vice-president of Westchester County Brokers Assn., and A. L. Gallo, Long Island City broker.

Sen. Condon said in his opening remarks that the purpose of the hearing was to get the full facts on auto cancellations so the committee could inform legislators what is happening and what legislation should be considered, if any, to remedy the situation. The legislature has been deluged with complaints that many motorists are unable to get auto liability insurance and that in many instances the companies have refused to renew policies. As a result many have been obliged to go into the assigned risk plan.

Increase In ARs

This has led to a tremendous increase in assigned risks, he said. From Nov. 1, 1941, to Dec. 31, 1951, new filings in the plan were 84,093 and renewals 39,997 for a total of 124,090. However, for the calendar year 1952 these three figures were 45,968, 10,394, and 56,362; for 1953, 89,811, 26,283, and 116,094; 1954, 166,685, 93,093, and 259,778; 1955, 109,894, 76,068, and 185,980, and for the first half of 1956, 51,490, 37,163, and 88,653. For the fiscal year July 1, 1956, to June 30, 1957, the figures were 142,138, 68,136, and 210,274; for the next fiscal year, 206,729, 85,486, and 292,215; for the next one, 186,542, 118,748, and 405,290.

For the first half of 1960, Sen. Condon reported, there were 315,299 new filings and 181,072 renewals for a grand total of 496,371.

This is far too great, he declared. Methods must be evolved to help the public obtain insurance through the regular market.

The complaints, Sen. Condon said, fall into several categories. Insured is too young or too old. He has been involved in one or more accidents or has been guilty of traffic law violations. The agency or insurer cancels the broker's auto business or terminates the agency or reduces the volume it will accept from the agency.

The latter causes of cancellation of auto business are due to the fact that agent or broker has offered the insurer too much auto business, has not accompanied it with other business, or the auto business has produced an unsatisfactory loss ratio.

Other causes of difficulty are the density of area in which insured resides, moral character of insured, and age of vehicle.

There may be other reasons which the hearings will develop, he said. The committee has a duty to evolve remedies.

Mr. Danahy testified that a real problem exists and has for many years. It is not a recent development. He said one solution is to make the AR plan work. That would require that the plan give the same coverage and limits as the private markets, which would serve the public and deter the companies from refusing to write insured in the regular way; and get adequate rates for assigned risks. He charged that the evil of the plan is that its present rates are not backed up by statistics but are based on judgment.

Statement Questioned

When Mr. Wikler questioned the latter statement as fact, Mr. Danahy said that if the companies have such figures, they are a closely guarded secret. To which Mr. Wikler rejoined that he had the complete statistics in his hand at that moment, set forth in great detail and broken down into several categories, including territories.

Mr. Danahy then explained that he was talking about the AR plan's surcharges. Each of them should be supported statistically, he declared. Overall figures are not enough, he complained.

Also, Mr. Danahy declared, producers are entitled to their regular commission on assigned risks, just as the companies are on the same business. It is not right, Mr. Danahy said, to pick on producers.

Sen. Greenberg said that if only judgment is being used, isn't the insurance department guilty of a sin of omission.

To which Mr. Wikler tartly replied that "Mr. Danahy is not giving the facts." He said of course the department has studied the rates to determine the justification of surcharges. Pressed by Mr. Greenberg, Mr. Wikler pointed out that if assigned risk experience is maintained separately from other auto experience in the state the cost of operating the AR plan would double. Though he observed that clean risks show a higher loss ratio than surcharged risks, Mr. Danahy said he opposed surcharging clean risks, as the companies have indicated they intend to do. The companies have to show a causal connection between the surcharges and the experience, Mr. Danahy declared—a risk shouldn't be charged more just because he lives in a certain neighborhood.

He urged the committee to subpoena and analyze the records of the AR plan. He called for subpoenaeing home and branch office auto underwriters, along with any directives of company executives restricting acceptance of auto business because of age, experience and violations of operators, class, type and age of car, geographical location, limits of liability, producer's loss ratio, tie-in of non-auto business, and producer's over-all volume.

Wants Executives Subpoenaed

He asked that the committee subpoena top executives to see what instructions have been issued by them to auto underwriters with respect to new accounts and "placement channels." He wants the committee to question executives under oath to determine why clean risks aren't offered the family policy, higher limits, and medical payments. He would also ask them why clean risks aren't written in the voluntary market.

Since a study by Columbia University Law Review in 1959 indicates that 98% of all personal injury cases in New York City result in a recovery of less than $10,000, Mr. Danahy said it appears that by offering increased limits and other fringe benefits to clean risks the companies could make a profit on them.

He added that the AR plan charges for traffic violations. If this is sound why not charge risks written in the voluntary market? When Mr. Wikler suggested that a separate insurer be set up to write ARs and thus develop the statistics that Mr. Danahy wants the latter said no, changing the name wouldn't help.

Mr. Wikler brought out that on the

(CONTINUED ON PAGE 4)

National Bureau Names Rogler In Auto Post

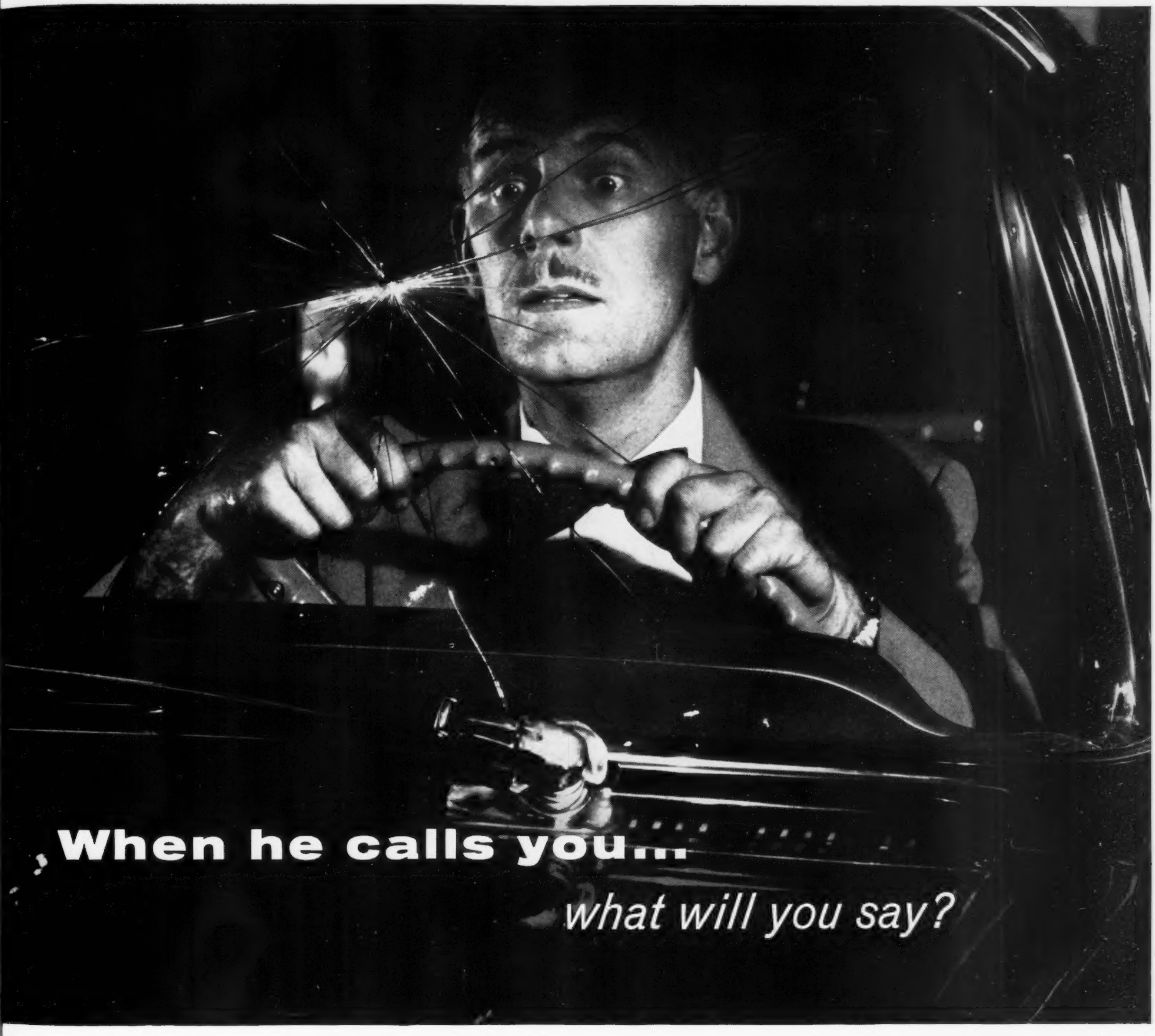
Kenneth W. Rogler has been promoted to assistant manager of the automobile division of National Bureau. He was with Crum & Forster prior to World War II. He joined National Bureau in 1946 and was promoted to supervisor of the automobile division two years ago.

Term Rule Change In Ky.

The Kentucky department has approved the changes in the term rule that provid for a rate of 1.85 times the annual for two years, 2.70 for three years, 3.55 for four years and 4.40 for five years. These are the revisions that have been adopted generally in the midwest, starting about two years ago. For installment business, the old factor of 2.60 is revised to 2.80 on three year business and for five-year business the new rate is 4.60.

Western Cas. Increase Authorized

Stockholders of Western Casualty at a special meeting have approved an increase in authorized capital from $3 million to $5 million.


When he calls you...
what will you say?

basis of accidents per 100 cars Brooklyn in 1958 had a 31.5 record, approximately three times greater than average—and these were accidents that resulted in claims.

Mr. Danahy kept questioning the payment of a higher rate by a good driver in a high rated territory. He said this isn't done in California.

"That," Mr. Wikler retorted, "is not a fact." After another exchange, Mr. Wikler added: "Every statement you have made today is not true. I don't know why we continue with this witness."

Mr. Schwab testified that the auto policy cancellation problem is a negligible one so far as his association can determine. He noted that a large part of the membership is outside the metropolitan area, and that the members who do operate in the city deal largely through brokers and not directly with insured. In 1948-49, many members did complain about wholesale auto policy cancellations and about the reduction in or loss of casualty facilities. But not since then.

Questioned by Mr. Wikler, he said his agency has one casualty company and has had for several years. He has had no trouble on Staten Island, no curtailment of the power to write auto business, no quotas for other business. What's more, he never has had any of these things.

Mr. Wikler had Mr. Schwab read a letter from the Buffalo office of Fred S. James & Co. to one of its agencies. This pointed out that since the auto was the only insurance it had for a certain risk, it would be necessary to discontinue the policy and the agency unless the latter produced additional business.

Good Business Practice

Mr. Schwab said he had never seen a letter of that sort before. "Don't you know that the companies want what they call a balanced book of business," Mr. Wikler asked. That is good business practice, Mr. Schwab testified. "As an agent, I want to write more than automobile for a client."

Mr. Schwab said he didn't believe policies are subject to cancellation abuses when they are written through independent agents because of the close personal relationship the agent has with his customer and his knowledge of the customer's driving habits and history. It would not be good public policy to upset the contractual relationship between insurer and insured, at least to the extent proposed in some of the bills that were introduced in the last session of the legislature dealing with cancellation.

A strong anti-cancellation law, Mr. Schwab added, would deprive agents of their binding authority, which would lead to increased cancellations because insured often are dilatory about renewing. Abuses uncovered by the committee can be cured by voluntary action of the companies, he said.

Mr. Wikler introduced into the record a letter from a mid-town New York City broker to a client, stating that she would not be able to renew an auto policy because she was a small broker and had lost her auto market. The insurance department, she said in the letter, does nothing to cure the situation and give relief to brokers like herself. She suggested the client call Allstate, "as they are now writing almost all of the auto business in New York. As you know, their rates are lower, and they are good on claims."

Mr. Schwab said he had heard of complaints by brokers but not by agents—and his association has a lot of small agency members.

Won't Accept Testimony

Mr. Wikler said the committee was not going to accept such testimony as to the realities of the situation, nor any testimony like it, but is going ahead with a questionnaire to every broker and agent in the state to get at the facts.

Most of the complaints, Mr. Schwab said he understood, develop out of the cancellations by direct writers and not as a result of practices of companies represented by independent agents.

Mr. Saladino, president of Long Island Brokers Assn. and treasurer of Queens County Agents Assn., said he spoke only for himself since neither of those organizations had indicated after questioning that they wanted to send the Condon committee a message. He said he had had few cancellations, and in every instance the company cancelled for just cause, such as two or more accidents in a year. The public is fearful of cancellations, he observed. They hear rumors of policies being cancelled on slight provocation. They fear being forced into the AR plan. Consequently, the public is in a nervous state, and this anxiety affects their driving.

"Good agents with good companies have no auto policy cancellation problem," Mr. Milbrandt testified. He said this was the consensus of all of the directors of his association. Legislation would not accomplish much for the situation, neither will a non-cancellable policy.

Fight For Survival

Are insurers greedy or just fighting for survival, he asked. The committee needs to determine that. There is no question about the over-all performance of insurers in a troubled period in the face of too little premium and a poor distribution of the rate. The independents have skimmed off the good business and left surviving business to be written at inadequate rates. Non-can auto policies are a further refinement of the process that caused the problem in the first place, he declared.

If AR plan rules are revised along lines recommended by the companies, some of the problem will be solved. For example, credits for voluntary writing of the young driver would provide a better market for that class to-day. Merit rating would permit somewhat more latitude in company underwriting.

There is, Mr. Milbrandt stated, too many changes going on today and too many unknown facts and factors to make a program for solution.

Mr. Cirlin urged a complete overhaul of auto rating. Cancellations are the result and not the cause of selective underwriting. The companies operate their own private club to make a profit for stockholders. He described company underwriters as "writhing under the tongue lashings of their superiors." The result "is a most vicious premeditated whipping of brokers by cancellations and reduced commissions." Cancellations have been used to force business other than auto. Assigned risk cover is restricted and the premium high.

Cirlin's Credo

The purposes and intent of the casualty companies should be recodified, Mr. Cirlin said, to give brokers the same flexibility as the insurers. No further stop-gap measures can be tolerated. All auto cover should be non-cancellable and guaranteed renewable with a rating plan similar to Allstate's non-can. He urged establishment of a board of medical experts to expedite settlement of auto accident cases, a compensation plan for payment of damages, uniform rates for all auto business, merit rating for all, interest from date of claim and not from date of award, unlimited coverage for assigned risks, and an increase from 15 to 30 days in the period during which the assigned risk can pay his premium.

Mr. Cirlin would also prohibit cancellation except for non-payment, misrepresentation and fraud, and revoked driving licenses.

Mr. Abrams said he could not say whether the companies want to get auto business into the AR plan where the coverage is restricted and the premium may be more, but his members wonder. He said he wasn't accusing anyone; his organization has no evidence; but the members just wonder.

Mr. Riez suggested that companies doing business with brokers be prohibited by law from cancelling a broker's contract except for incompetency or dishonesty. Brokers should be free to place business in all companies direct.

Mr. Gallo pled with the committee not to put him on the spot with his insurer. But the committee insisted he read a letter he had written to the agency with which he places business saying that he assumed the agency was reducing his auto renewals (he has 70 to 80 on the books) because he did not give the agency enough supporting business.

That was just an assumption, Mr. Gallo said. "Is that what you think now," Mr. Wikler asked. "I am not going to tell you what I think now," Mr. Gallo declared.


RENEWAL

Merit Improves Class Rating For Autos

Some interesting observations on automobile rate making were presented at the spring meeting of Casualty Actuarial Society in Skytop, Pa., by Robert A. Bailey and LeRoy J. Simon of North America. In a paper on the effectiveness of merit rating and class rating, the two point out that on the basis of Canadian experience for private passenger automobiles:

1. Merit rating is almost as effective as the class plan in separating the better risks from the poorer ones.
2. Both merit rating and class rating leave unanalyzed a considerable amount of variation among risks.
3. Certain available evidence supports the conclusion that annual mileage, which long has been felt to be an important measure of hazard, is a very significant cause of this unanalyzed variation among risks.

Private passenger automobile insurance uses a multiple classification system, Mr. Bailey and Mr. Simon note. The companies classify by age, under or over 25, and within each age, they classify by occupation, farm or non-farm. Classification is also by use and sex. On top of all this the business classifies by territory—and now has begun to classify by previous accident and conviction record under the merit rating plan.

No Basic Difference

There is no basic difference between merit and class rating if the rates for each merit rating group are based on the subsequent experience of cars previously classified according to their accident and conviction record, just as the rates for each class are based on the subsequent experience of cars previously classified according to the characteristics of the class plan.

In actual fact, the paper comments, merit rating is a class rating plan and is part of the multiple classification system.

A class plan which uses age, sex, use and occupation does not precisely classify each risk according to its true value. Underwriters long have recognized this, and it is further substantiated by the Canadian merit rating experience, which shows that risks which have been accident free three or more years have better experience in the following year than the average for their class. Also, a class plan which uses only the previous accident record would not precisely classify each risk. This is shown by the fact that in the Canadian merit rating experience, the cars which qualified for the best merit rating have different accident frequencies, depending on which class they are in.

Risks Vary Considerably

This means that private passenger automobile risks vary considerably from each other and that the class plan and the merit rating plan both are attempts to separate the better from the poorer ones. Neither plan is perfect.

The paper then goes into a mathematical analysis of the Canadian automobile experience. It notes that the merit rating plan on the experience studies was 77% as effective as the class plan. The Canadian merit rating plan could be improved by extending it from three to five years (which was done during the latter part of 1959) and by including convictions.

Something also could be gained if the merit rating plan gave extra weight to a loss exceeding, say, $1,-000, since it was noted that there is a positive correlation between the loss ratio and the average size of loss. Likewise the Canadian class plan, which is similar to the plans used in the U. S., could also be improved. But the point remains that merit rating is almost as effective as the class plan in separating the better risks from the poorer ones, and a substantial improvement is realized when they are used in combination.

In a second paper presented at the same time, Mr. Bailey and Mr. Simon deal with improved methods for determining classification rate relativities. In that connection, they observe that there are difficulties in private passenger coverage in the U. S. when a countrywide set of class relativities is multiplied by a set of territory relativities. Several attempts have been made to correct this difficulty.

Two Sets Are Used

For example, two sets of countrywide class relativities are used, one for large cities and one for all other territories. The relativities for large cities have a smaller spread between the lowest and the highest rated classes. This is quite likely not caused by a difference in classification experience between high-rated and low-rated territories but is the result of trying to use two sets of relativities which are multiplied when it is quite likely that they should be added.

Another example of an attempt to correct this situation is the fact that in New York City, which is about the highest rated territory in the U. S., and where, in addition, the experience has enough volume to be credible, a special set of class relativities is used which has much less spread between lowest and highest rated classes than sets of relativities used elsewhere.

Reasons Given

The reason this difficulty has not become more noticeable in other territories is that very few territories have sufficient volume to be credible for each class. But it is very likely that multiplying countrywide class relativities by territory relativities has produced and is producing rates which are too high for class 1 in very low rated territories and too low for class 1 in very high rated territories.

Mutual Loss Conference Set For Sept. 13-16

Mutual Loss Research Bureau will hold its loss managers conference Sept. 13-16 at New Orleans. The conference is open to all company representatives, adjusters and others interested in fire and allied lines loss adjusting.

Samuel Lawson, Millers Mutual Fire of Fort Worth, is chairman of the mutual loss managers committee this year and is responsible for the program, which includes addresses on mysterious disappearance, recent coverage changes, property losses, and various phases of company-adjuster cooperation.

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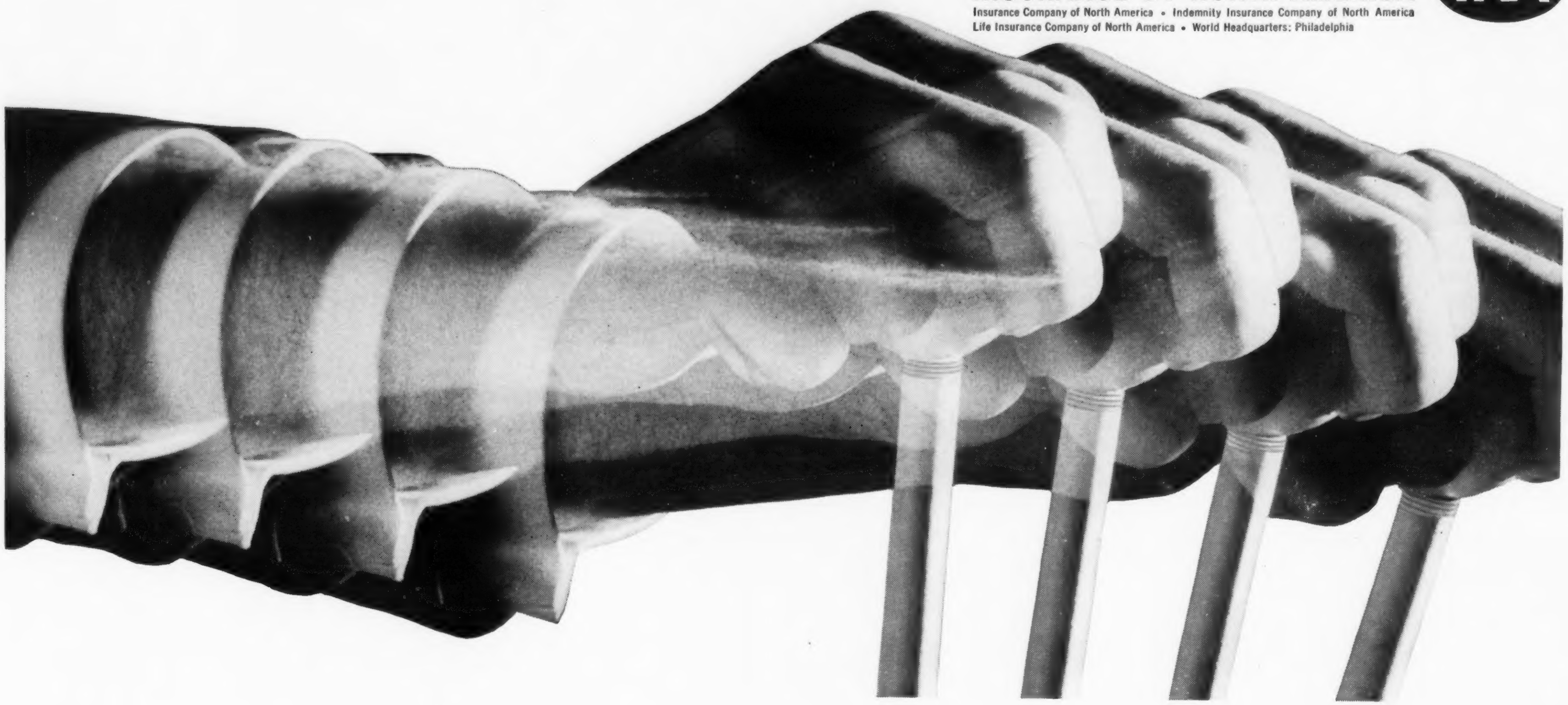
Christiania General, **American Union** and **Scottish Union** have joined Assn. of Casualty & Surety Companies. Membership now totals 133 companies.



Four Candidates To Succeed Sullivan

The withdrawal of William A. Sullivan as a candidate for reelection as Washington commissioner creates a possibility that a Republican will win this office for the first time in 28 years.

Robert Coplen, an independent adjuster, has had his hat in the ring on the Republican ticket for a number of weeks, advocating amendments to the workmen's compensation law to permit private companies to compete with the state fund, seeking changes in the agents qualification law and some revisions in routine department practices.

Lee Kueckelhan, Mr. Sullivan's chief deputy for more than 15 years, is Mr. Sullivan's choice on the Democratic side. He has not only to defeat Mr. Coplen, but first another Democrat, John Sullivan, who wants to run on the Democratic ticket. The second entry on the Republican side is Fred Becker, an agent who has four times lost to Mr. Sullivan by large majorities.

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Iowa Hardware Mutual ceased doing business in Ohio as of June 30.

State Farm Auto Names Five Agency Directors

State Farm Mutual Automobile has appointed four agency directors at Dallas and one at Salem, Ore.

The Dallas appointees are Marion W. Pearce, former Kansas-Oklahoma state director; Frederick W. Sell, former Arizona assistant state director; Elmer L. McCauley, who has been Texas assistant state director; and Paul U. Todd, previously district manager in Missouri. Melvin Irving, district manager at Eugene, Ore., was assigned the Idaho-Montana agency directorship at Salem.

A number of other promotions have been made by the company:

Harold Couillard, from claim superintendent to divisional claim superintendent at Newark, O.; Donald A. Rankin Jr., from assistant underwriting superintendent to service superintendent at Springfield, Pa.; Richard Kline, from assistant regional auditor at Jacksonville, to regional auditor at St. Paul; William Burke, from assistant underwriting superintendent at Lincoln, Neb., to underwriting superintendent for Texas; and Robert Chesmore, from Arizona district manager to assistant state director.

Jerome Rohren, property claim supervisor, has been promoted to property claim superintendent, and Billy B. Turley, assistant claim superintendent, becomes claim superintendent at Columbia, Mo.

Other new claim superintendents are George W. Sanderson at Charlottesville, Va.; Bernard McVey at Salem; John Fitzgerald at Jacksonville; John Harrington Jr. at Santa Ana, Cal.; and William E. Beyer at Lincoln, Neb.

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Cal. Agents, Stanford U. Hold Agency Conference

The 12th annual advanced agency management conference, co-sponsored by California Assn. of Insurance Agents and the Stanford graduate school of business, has been held at Stanford.

Coordinator of the conference for the fourth successive year was Herbert Stewart, general manager National Automobile Club.

Subjects discussed at the five-day meeting were accounting methods, collection techniques, claims, account selling and servicing, advertising and public relations, building and perpetuating an agency, and office techniques.

The CAIA agency management committee was headed by Edward Rowe, Oakland, and included Andrew Price, Berkeley; Monroe Brown, San Mateo, and Thomas Nilon, Concord.

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Ask Disapproval Of HO

The 1959 homeowners was filed in New York in March but has not yet been acted upon by the department. New York State Assn. of Insurance Agents has asked New York Fire Insurance Rating Organization to withdraw the filing and also has asked the insurance department to disapprove it since it is more restrictive then the A, B, and C form presently in effect in the state, and is based on lower acquisition costs.

Argues Against Merging Texas Life And Health Assns.

Health insurance agents need their own, distinct organization, San Antonio Assn. of A&H Underwriters was told at the June meeting by R. L. Gulley Sr., Federal Security Life, San Antonio. In his arguments for retaining a separate tribe of Indians, he sought to quash the recurring rumor of merger between Texas Assn. of A&H Underwriters and the life agents' association.

He opined that those who favored a merger of the two associations "have simply formed their opinion without having knowledge of all the important facts." International Assn. of Health Underwriters is not willing to merge, he said, and the Texas association could not legally consolidate with its life counterpart even if it were interested, which it is not.

Disadvantages Cited

Citing the disadvantages of a merger, Mr. Gulley pointed out that such action would orphan the casualty agents who write health insurance, since they are not eligible for fellowship in the life agents' fraternity. Secondly, health agents need a strong organization to draw attention from legislators. Then, too, because of the special and technical aspects of health insurance, those who sell it need monthly meetings, and the few meetings a year which the life associations could devote to health insurance would not be sufficient.

Health is regarded as the stepchild of the industry, claimed by neither the life or fire and casualty segments. Nevertheless, the stepchild is becoming a big kid, and Mr. Gulley predicted that "if the present rate of progress continues very long, everybody will be inclined to claim A&H insurance as their very own."

He said politicians, seeking to expand federal control and consume the insurance industry, first went after the health field by attempting to place its advertising under control of the Federal Trade Commission. The strategy, he said, was probably that health insurance was not so well organized as the life business and that it would be possible to "get the head of the government control camel into the tent of the insurance industry by first attacking A&H insurance and then taking up other segments of the industry at a later date." These measures, including the recent Forand bill, have been challenged by the health association, and Mr. Gulley declared that any organization "that dares to speak out aggressively in opposition to all forms of federal, socialized welfare is a needed organization that is worthy of support."

Elimination of Texas Assn. of A&H Underwriters would undermine the legislative position of the life agents' group, he contended. The latter could not appear before legislators as the voice of health agents because it does not represent the many casualty men.

Mr. Gulley called for a "victorious attitude" to build a prosperous state health association. He said its membership had dwindled before and had been rebuilt into the largest and most effective in the country.

Advanced Health Clinic Scheduled For Sept. 28-30

The tentative program for the Advanced Health Insurance Underwriting Clinic at Purdue University has been released. The clinic, sponsored by Purdue Institute and a special committee of International Assn. of Health Underwriters, is to be held Sept. 28-30.

Sessions will open with a luncheon followed by a discussion of the possibilities of integrating life and health programs. The afternoon will conclude with lectures and discussions on programming health insurance.

The next morning will feature the business uses of health insurance. Workshops on key man, sole proprietor, and partnership policies will follow. Taxation of health insurance occupies the afternoon.

The third morning will cover five subjects (premium computations, persistency and over-insurance, substandard, group, and major medical) in an "Information Please" session of 15 minutes presentation and 15 minutes of floor questions. Luncheon, with an address concerning the outlook for health insurance, will close the clinic.

Robert W. Osler, president Underwriters National Assurance of Indianapolis, heads the IAHU committee, which also includes Ralph K. Lindop, insurance consultant, New York City, and Pasquale Quarto, research training director of Research & Review Service, Indianapolis.

Iowa BI Premiums Near $25 Million In 1959

Assessments against members of Iowa Automobile Assigned Risk Plan, based on 1959 BI premium writings, show the total of such premiums in Iowa last year were $24,378,248.

Farm Bureau Mutual of Des Moines is the largest BI writer in Iowa with 1959 premiums of $2,312,296. State Farm Mutual Auto is second with $2,202,442 and Allied Mutual Casualty of Des Moines third with $1,801,279.

Robert L. Hilton is manager of the Iowa AR plan.

Name English At St. Louis

Eugene W. English has been appointed fire superintendent at St. Louis for Fireman's Fund. He has had underwriting and field experience in the Minneapolis and St. Louis territories. He takes charge of fire production in eastern Missouri and southern Illinois.

GAB Is Expanding Casualty Claims' Service Nationally

General Adjustment Bureau is expanding casualty training and supervision to enable it to handle an increased volume of casualty claims nationally.

At a two-day seminar in New York, attended by casualty division managers, objectives of the program were outlined and plans made to improve the quality and scope of casualty claims service. Uniform casualty procedures and forms were adopted and a revised casualty manual approved. Billing schedules, market research, an automobile appraisal plan, and ideas to increase the bureau's services were also discussed.

The meeting was attended by these casualty division managers: J. H. Donaldson, eastern department; J. F. Tapscott, Pacific Coast department; Homer Stuart, southwest department; Edward S. Kelly, southeast department; J. G. Young, midwest department, and S. R. Searles, associate manager, eastern casualty division.

Atlantic Mutual Names 3 Special Agents In N. Y.

Atlantic Mutual has appointed Donald N. Clark and Robert J. Dubuque III as special agents at Syracuse, and David P. Gray special agent in suburban New York.

Mr. Clark has spent about 20 years in casualty underwriting and managerial work most recently in the Syracuse area. With Mr. Dubuque, who has been a fire special agent upstate for seven years, he will operate in the central and northern upstate New York territory.

Mr. Gray was previously a fire special agent in Buffalo. He will work in the Westchester and upper New York county territory.

Va. Compact Rate Cut 10%

A 10% reduction in private passenger BI, PDL, and PHD rates for compact cars has been approved by Virginia corporation commission, effective Aug. 1. The BI and PDL filing was made by National Bureau and Mutual Bureau, and the PHD filing by Virginia Insurance Rating Bureau.

To Open Office In Omaha

Hardware Mutuals of Stevens Point will open a branch office at Omaha Aug. 1 to serve Iowa and Nebraska. With the addition of Omaha, the company will have 41 offices.

Commissions Not Likely To Return To Former High Levels

The subject of commissions has been the most controversial one for a changing business for several years, Frank R. Fowles Jr., vice-president of Maine Bonding & Casualty, told a regional meeting of Maine Assn. of Insurance Agents at Black Point.

Few agents have not received a commission cut on some part of their business. He said he wished he could take the view that commission cuts are the short term defense of an industry temporarily undergoing heavy underwriting reverses. This view argues that once the industry has returned to a profitable basis, commission scales will go back where they were. It fails to consider the fundamental changes taking place. These changes center on two new ideas, automation and merchandising.

Pressure on commissions is sure to continue as companies prepare to absorb administrative burdens such as policy writing, and direct billing on personal lines, Mr. Fowles said. This will relieve the agent of certain duties. On a large number of work units the loss of revenue from commission decreases can be nearly offset by reductions in agency expenses. But there is a large area of theory that must be hammered into effective practice "before we know adequate cost factors for you and for us," he commented.

Effect Of Competition

The need to meet competition is the stimulant for the changes ahead. Competition is certain to continue. In Maine in 1959 Allstate's auto business increased as much as Mr. Fowles' company in dollar amount. Allstate's homeowners premiums doubled, and it started to develop full personal lines coverage with a substantial slice of life and A&S. Rumblings from State Farm Mutual continue. Nationwide Mutual has just entered the state with full page ads in the Portland and Lewiston papers.

Mass market merchandisers of products other than insurance have had a good deal of success in Maine in recent years, he observed. All have in common with Allstate, State Farm and Nationwide one stop service, price appeal, painless payments, and aggressive promotion through advertising.

One distinguishing feature of insurance is the importance of the salesman himself, Mr. Fowles said. Responsibility and sincerity are expected here more than in some other businesses because of the future promises in the product. Allstate has had an aggressive, responsible group of agents in Maine and has made good progress. Up to now State Farm has had less success in attracting a number of qualified salesmen, and their results show it. Nationwide's more comprehensive program of family security will need high quality salesmen. Their success will depend entirely upon their ability to attract this type of person.

In considering the future of the business as it reacts to the impact of automation and to the expected sales campaigns, Mr. Fowles believes the industry is fortunate because one old familiar idea stands firmly in the stream of new ideas that is rising—this is the importance of the salesman. The public is glad to save itself the cost of inefficient processing systems. It is intrigued by having its policies prepared by push button on a machine it suspects has an I.Q. equal to its own. It likes to buy modern, up-to-date products.

But the public, he declared, still expects more of its insurance salesman than of many other salespeople. It expects that the salesman's interest in them will not evaporate once the sale is made. When the public has an insurance problem or a claim, it wants to deal with people it knows and in whom it has confidence. Regardless of the effects of automation, the machine can never replace the agent's personal relationship with insured. This is his guarantee for the future, he said.

N. Y. Regionals Set

The regional meetings of New York State Assn. of Insurance Agents have been scheduled by Raymond A. Muth of Newark, executive vice-president of the association. They are: Watertown Sept. 13, Lake Placid Sept. 14, Albany Sept. 15, Geneva Oct. 18, Batavia Oct. 19, and Olean Oct. 20.

The big downstate regional will be at Garden City Oct. 26, an all day affair. The others, plus Poughkeepsie Oct. 26 and Binghamton Oct. 27, will start with luncheon speaker and an afternoon session.

Ga. Rejection Of Auto Hike Stalls Bringing In Of Safe Driver Plan

Commissioner Cravey of Georgia rejected a filing of National Bureau for an 8.4% increase in automobile BI and PDL rates. He approved a reduction of 1.12% in auto physical damage rates for National Automobile Underwriters Assn.

At a public hearing on the filing only one person, a housewife, appeared to appeal against the proposal to increase auto BI and PDL.

Thomas O. Carlson, manager of the southeastern branch of National Bureau, told a meeting of Macon Assn. of Insurance Agents that had the 8.4% increase been approved the bureau would have introduced its safe driver plan in Georgia. Approval of the rate increase, he said, would actually have resulted in reduced premiums for three out of four Georgia insured motorists. According to results in other states, he said, the over-all effect would have been an actual reduction.

Cites Example

As an example, Mr. Carlson said that in Macon auto insurance in National Bureau companies for 10/20/5 limits on a car without any male drivers under age 25 which is used for pleasure only now costs $41.20. The rate requested was $43.60, an increase of $2.40. Under the safe driver plan, which would have been filed immediately, the cost to the lowest accident-free classification would have been $38, actually $3.20 less than the present rate, or a 7.8% reduction.

The corresponding saving would have been available on the car used for business and owned by an individual, with an accident-free three-year record, but not driven by a male under age 25. The 10/20/5 cover in the Macon territory for this class 3 car now costs $62.40. The rate requested was $66. The proposed cost on the safe driver plan would be $56, a reduction of $6.40 from the present rate, or 10.3%.

Mr. Carlson reported that the average claim cost for BI in Georgia for the year ending September 1957 was $624; 1958, $647; and 1959, $663; and the corresponding PDL figures are $122 in 1957, $126 in 1958 and $132 in 1959. These are claims for which Georgia motorists are responsible, he stated

Ark. School A Success

The first of what is intended to be an annual insurance school in Arkansas, drew an unexpectedly large enrollment of 97 students in the three courses offered on the university's campus July 11-13. Sessions were conducted on agency management, auto insurance and fire policywriting.

W. D. Cotton, past president of the Arkansas association, was in charge of the agency management section; Henry A. Ritgerod, associate general agent of L. V. Martin & Co., was in charge of the fire policywriting workshop, and John Lynch, St. Paul F.&M., headed the instruction staff on auto insurance.

Stewart, Keator, Kessberger & Lederer general agency of Chicago has named Robert E. O'Meara vice-president and Edward D. Bowman assistant vice-president. Mr. O'Meara has been with the agency since 1947 as casualty manager and chief underwriter and Mr. Bowman since 1946 in charge of office management and procedures. Both are CPCUs.

Record 370 To Receive Institute Certificates

A record total of 370 persons will receive the certificates of Insurance Institute of America during the current year. The examination was completed by 223 persons during May and by 147 persons in January. The graduates, from 64 cities, will receive their certificates at the institute's annual meeting in New York Nov. 15, or at local meetings.

The over-all passing ratio for the A, B, and C examinations this year was 73.6%. The 1,331 examinations were taken by 1,122 persons.

In May, 1959, 1,054 examinations were taken by 843 who attained a 73.6% passing ratio. The next examination series will be conducted Jan. 23-25, 1961.

Young, Dwyer To N. J. Field For Loyalty Group

Loyalty group has appointed Christian Young and James J. Dwyer special agents out of the Newark head office. Mr. Young has been assigned to Essex County and Mr. Dwyer to Union County.

Mr. Young was previously a vice-president of W. H. Meeker agency, Elizabeth, N. J. He is a past president of New Jersey Insurance Square Club.

Mr. Dwyer joined the America Fore Loyalty training program at New York in 1958.

National Union Names New Advertising Agency

National Union has appointed the Pittsburgh firm of Ketchum, MacLeod, & Grove as its advertising agency. Ketchum, MacLeod & Grove has named William F. Millar as account executive for National Union.

Driver Register Is Law

President Eisenhower has signed a bill to establish a national register of drivers whose licenses have been revoked.

He also has signed the measure that relieves District of Columbia employes of personal liability for damages arising out of the operation of D. C. motor vehicles while on duty.

Allow EDP Equipment As Asset

The Ohio department has notified domestic companies that in their 1960 annual statements they may carry electronic data processing equipment as an admitted asset if it was purchased for use in connection with their business. In order to be allowed as an asset, the equipment must have an original unit cost of at least $100,000 and the amortized value at the end of any calendar year shall not be greater than the original purchase price less 10% per year from date of purchase.

Vincent Heads 1961 Big I Ad Committee

J. E. Vincent, of Bryan, Tex., has been appointed chairman of the 1961 advertising committee of National Assn. of Insurance Agents by Porter Ellis of Dallas, NAIA vice-president. The 1961 goal is $1,285,000.

Mr. Ellis named two new members to the committee, George P. Cooper Jr. of Huntsville, Ala., and Frank L. Smith of Tucson Both men served as state advertising chairmen this year and their states went over the 100% mark on their advertising allocations.

In order to give special attention to metropolitan and large lines agents, Mr. Ellis also appointed Sanford H. Lederer of Chicago, to the committee.

Dave Johnson, Pensacola, Fla., chairman of the 1960 fund raising committee, will continue to work with the new committee on a special assignment basis.

John S. Sheiry, Bridgeton, N. J., and E. B. Learned Jr. of Norwich, Conn., members of this year's committee, will continue on the advertising committee for the 1961 campaign.

A special fund raising committee for state officers will be conducted Sept. 25, during the annual convention of NAIA in Atlantic City. All state association officers and state advertising chairmen are invited to this meeting, which will feature a special preview of the presentation film of the 1961 national advertising program emphasizing "The Big Difference."

Mr. Vincent and members of his committee will also discuss their plans for the fund raising phase of the 1961 campaign and will suggest detailed fund raising approaches that have been successfully employed in several areas of the country.

N. Y. Protective Cover

A new schedule of protective liability has been set up for New York state department of public works for all operations under permits issued by the department to individuals, companies, or municipalities, effective Aug. 1.

New policies must be prepared in accord with new instructions. BI limits are increased to 100/500 and PDL limits to $100,000 per accident with an aggregate of $500,000. Cancellation is changed to 30 days written notice. The permit policies are separate from auto and comprehensive liability contracts, which are also required in connection with public works.

Allstate Appoints Five

Allstate has appointed Bill H. Bradshaw, life and A&S sales manager at Philadelphia. Jack F. Gordon, commercial casualty sales supervisor, at Houston, William R. Croy, sales development manager at Atlanta. Also, Robert C. Singleton, district sales manager at Dallas, and Calvin M. Dyke, sales development manager at Detroit.

Travelers Promotes Several In The Field

Travelers Indemnity has appointed Joseph G. Bulmer, Chicago; Richard T. Johnson, San Francisco, and Thomas C. Meeks, Los Angeles, casualty-fire managers in charge of special risks; and Thomas E. Strange, Baltimore; Christopher C. Candon Jr. and Richard P. Pooler at Des Moines; Wilbur J. Trueman at Calgary, and Murray H. Weiland at Winnipeg, casualty-fire managers. Arthur R. Van Orsdale at Tampa, G. Johnson Reese Jr. at Orlando, and Walter L. Juretic at Tulsa have been named assistant managers.

Travelers has named John Sylvaine at Ottawa; Roger A. Roy at Quebec; Harry M. Powell at Halifax, and Bryon Boggs at Denver casualty-fire agency managers. It has appointed Fred C. Meister Jr. fire-marine agency manager at Littleton, Colo.

Mr. Bulmer joined Travelers in 1926 as a field supervisor and has served in that capacity at Boston and Chicago. In 1936 he was named assistant manager at Chicago. Mr. Johnson joined Travelers in 1946 as field supervisor at Peoria and served as assistant manager at Des Moines and San Francisco.

Mr. Meeks has been with Travelers since 1946. He was field supervisor at Philadelphia and superintendent at St. Louis, where he advanced to assistant manager, a post he also held at Los Angeles.

Mr. Strange has been at Louisville and Cincinnati, and became manager at Camden in 1957. Mr. Condon has been assistant manager at Toledo, Mr. Pooler at Des Moines, Mr. Weiland at London, Ont., Mr. Van Orsdale at Tampa, Mr. Reese at Jacksonville, and Mr. Juretic at Oklahoma City.

Mr. Sylvaine and Mr. Roy have been assistant managers at Montreal and Mr. Powell at Halifax. Mr. Boggs has been field supervisor at Kansas City and Mr. Meister at Peoria.

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Consulting Actuaries Release Proceedings

Volume IX of the Proceedings of the Conference of Actuaries in Public Practice is off press and available from the conference, 10 South La Salle Street, Chicago 3, at $12.50 per copy. The volume contains papers presented at the annual meeting of the conference last fall. Many of the papers are presented in non-technical language, and subjects relate to life and casualty companies, fraternal societies, pension funds, banks and trust companies, educational institutions and professional organizations.

Brower Made Chairman Of Transamerica Corp.

Horace W. Brower has been elected chairman of Transamerica Corp. and is succeeded as president by John R. Beckett. Mr. Brower continues as chief executive officer. Mr. Beckett was elected a director.

Mr. Brower was named president of Transamerica to succeed the late F. N. Belgrano Jr. He is also president of the largest subsidiary of Transamerica, Occidental Life, and will continue in that office. He has been president of Occidental since 1951.

Mr. Beckett has been vice-president and a director of Blyth & Co., a nationwide investment banking organization, with which he has been identified since 1944. He has also been with Pacific Gas & Electric, Duff & Phelps, Seattle Gas and the SEC.

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Commissioner Smith of Delaware will seek the Democratic nomination for governor of Delaware.

National Bureau Raises OL&T Rates In 8 States

National Bureau has revised OL&T BI rates for area and frontage classifications in eight states, effective July 30. Rates are increased 10% in Arizona, 8.2% in California, 10% in Kansas, 10% in Maine, 19.6% in Michigan, 20% in Missouri, 20% in New Hampshire and 20% in Vermont.

Rates for storekeepers' liability have been adjusted to reflect the OL&T revisions.

Conventions

August 7-12, Honorable Order of the Blue Goose, Grand Nest, Sheraton Cadillac Hotel, Detroit.

August 10-11, ABC Service Bureau, annual, Marott Hotel, Indianapolis.

August 10-11, Hoosierland Rating Bureau, annual, Marott Hotel, Indianapolis.

August 14-17, West Virginia agents, annual, The Greenbrier, White Sulphur Springs, W. Va.

August 15-17, Texas mutual agents, annual, Hotel Galvez, Galveston.

August 22-24, International Federation of Commercial Travelers Insurance Organizations, annual, Queen Elizabeth Hotel, Montreal, Canada.

August 24-27, Federation of Insurance Counsel, annual, Bellevue Stratford Hotel, Philadelphia.

August 25-27, Montana agents, annual, East Glacier Lodge, Glacier Park.

August 28-30, Wyoming agents, annual, Wort Hotel, Jackson.

Sept. 7-9, Maine agents, annual, Samoset Hotel, Rockland.

Sept. 7-10, Alaska agents, annual, Mt. McKinley National Park.

Sept. 11-14, National Assn. of Mutual Insurance Companies, annual, Olympic Hotel, Seattle, Wash.

Sept. 12, Vermont agents, annual, Basin Harbor Club, Vergennes.

Sept. 12-13, Utah agents, annual, Hotel Utah, Salt Lake City.

Sept. 12-16, International Union of Marine Insurance, conference, Shoreham Hotel, Washington D. C.

Sept. 13-14, South Carolina agents, annual, Poinsett Hotel, Greenville.

Sept. 13-16, Mutual Loss Managers' Conference, Roosevelt Hotel, New Orleans.

Sept. 14-16, Michigan agents, annual, Pantlind Hotel, Grand Rapids.

Sept. 14-16, Society of Chartered Property & Casualty Underwriters, annual, Statler-Hilton Hotel, Detroit.

Sept. 15-16, Minnesota agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 18-20, New Hampshire agents, annual, Mount Washington Hotel, Bretton Woods.

Sept. 18-20, West Virginia Assn. of Mutual Insurance Agents, Jackson Hotel, Clarksburg.

Sept. 18-21, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

Sept. 19-20, Minnesota mutual agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 19-21, Washington agents, annual, Olympic Hotel, Seattle.

Sept. 21-23, Canadian Federation of Insurance Agents & Brokers Assns., annual, Mont Tremblant Lodge, Mont Tremblant, Quebec, Canada.

Sept. 21-23, Oregon agents, annual, Sheraton-Portland Hotel, Portland.

Sept. 21-23, Western Loss Assn., annual, Lake Lawn Lodge, Delavan, Wis.

Sept. 26, New Jersey agents, annual, Hotel Traymore, Atlantic City.

Sept. 26-28, National Assn. of Insurance Agents, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.

Oct. 2-4, Zone IV National Commissioners, Fort Des Moines Hotel, Des Moines, Iowa.

Oct. 2-5, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, combined annual, The Greenbrier, White Sulphur Springs, W. Va.

Oct. 8-11, Kansas agents, annual, Broadview Hotel, Wichita.

Oct. 13-14, Conference of Mutual Casualty Companies, sales and agency meeting, Conrad Hilton Hotel, Chicago.

Oct. 14-15, North Dakota Agents, annual, Grand Pacific Hotel, Bismarck.

Oct. 16-18, Arizona Agents, annual, Pioneer Hotel, Tucson.

Oct. 16-18, Maryland agents, annual, Hotel Emerson, Baltimore.

Oct. 16-18, Ohio agents, annual, The Neil House, Columbus.

Oct. 17-19, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

Oct. 18-19, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.

Oct. 21-23, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.

Oct. 22-27, National Assn. of Mutual Insurance Agents, annual, Statler Hotel, Washington, D. C.

Nevada Agents Seek Hearing On 1959 HO

Commissioner Hammel of Nevada has indicated he will call a public hearing at the request of Nevada Assn. of Insurance Agents, who want help to resolve what they term "discriminatory practices" in connection with the 1959 homeowners program which has been in effect in Nevada since March.

Letter States Objections

In a letter to the department, the agents object to "certain rating procedures and coverages in the dwelling class line.

It is pointed out by Jack Woods, president of the Nevada association, that the present habitational occupancy tariff provides for a three-year cost of .189 per $100 to waive the $50 windstorm deductible on dwellings. For a $10,000 dwelling, the waiver premium is $18.90, while the charge to waive the same $50 on a $30,000 dwelling is $56.70. "Since only $50 coverage is purchased in each instance, we believe that any charge, other than an equal charge, is discriminatory," the agents say.

In the case of a 1959 homeowners, the charge for waiving the deductible on a $10,000 dwelling is $12, and the waiver on the $30,000 dwelling is $39.

A close examination of the rate levels between a straight fire policy and a homeowners contract reveals further discriminatory treatment, the agents charge. "For example, a $30,000 frame, unprotected dwelling covered for the perils of fire and extended coverage, produces a three-year premium of $737.10. A homeowners policy covering the same amount on the dwelling building also provides coverage on the contents in the amount of $12,000. The contract extends the perils covered to include such major items as burglary and public liability, and can be written for a three-year premium of $594.

"Both premium quotations have been based on a $50 windstorm deductible basis to avoid use of unrealistic deductible waiver charges.

"We believe the rate levels of the two forms offered to the insuring public should be carefully reviewed, since it is obvious the insuring public is penalized merely by selection and availability of contract afforded."

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Named Houston Claims Supervisor

Employers Mutual Casualty has appointed John P. Strother claims supervisor at Houston. He joined the company in 1953 and has been a resident adjuster at Fort Worth and more recently at Houston.

Court Rules Against Infant-Parent Suit

The New Jersey supreme court has ruled that an infant cannot sue its father (through its mother) for negligence. Mrs. Agnita Hastings of Maywood, acting as guardian for her four year old daughter, who was slightly injured in an automobile accident while her father, Edmund, was driving, sued him for the injury. An automobile liability policy was involved, written in Pennsylvania Threshermen's & Farmers Mutual.

The vote by the supreme court was 4 to 3, and there was a sharply worded minority opinion. The court's action upheld a lower court, which had dismissed the action.

Justice Hall in the majority opinion declared that under the circumstances in the case, "simple negligence amounts to no more than very slight breach of a parental duty, and the well established rule is that a parent should not ordinarily be accountable to the child in money damages in such a situation."

Action "Unseemly"

The judge termed it "quite unseemly, to say the least, to suggest that a mere act or omission within the family circle, amounting to no more than carelessness which the one to blame would do almost anything to avoid, should require the payment of money by one member of the family to another.

He said the suit (for $3,000,) would not have been filed if Hastings had not been insured. Overturning the line of cases on this issue, he said, could lead to collusion to defraud insurers.

Justice Jacobs in his dissent asserted that "the just progress of the law is needlessly retarded by the failure of judges to deal with modern day realities as they find them. In today's society, practically every man with a sense of responsibility carries suitable insurance on the automobile he owns and operates. He does this to protect himself against the consequences of the neglectful operation of the automobile, but also because he wants to make certain that anyone injured by the neglect is fairly compensated for his injury."

He added that the effect of the majority opinion was to limit the insurance of Hastings to the wives and children of his friends but exclude his own wife and child. This result lacks the support of any sound reason or policy, he said—it has been universally condemned in the thoughtful professorial and student writings on the subject.

Ex. FBI Agent Heads Pa. Inquiry Into Phony Insurer Claims

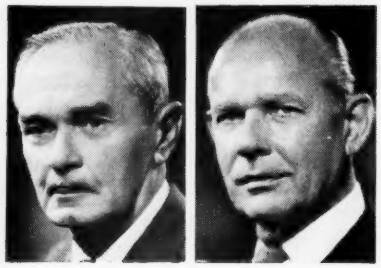
Pennsylvania Chamber of Commerce has appointed Duncan S. MacRae, FBI agent 1951 through 1958 and then with the Miami office of Assn. of Casualty & Surety Companies, to head the new office the chamber has set up to investigate fraudulent claims in the state. Also sponsoring the investigation are the casualty association, American Mutual Insurance Alliance, and National Assn. of Independent Insurers. Mr. MacRae has headquarters in Philadelphia.

The new bureau will investigate claims anywhere in the state and will station a resident agent in Pittsburgh, according to Kenneth B. Hatch, president of Reliance and chairman of the chamber's insurance committee. The new investigation bureau will have four investigators. It will be maintained as long as needed and advisable, Mr. Hatch said. It is estimated that an intensive investigation of two years will be necessary. The bureau has a heavy backlog of complaints to start on but will also undertake investigation of new complaints.

The new bureau has its offices in the Public Ledger Building, Philadelphia.

Kansas City F.&M. Names 2 To New Posts

William E. Stewart has been named underwriting manager of Kansas City F. & M. For five years he has been manager of the loss department. He joined the company in 1930 as manager of the auto and inland marine departments. Later he was with North British group and Fireman's Fund, in both cases as state agent in Kansas. In 1951 he joined Central Surety & Ins. Corp. as fire underwriter, rejoining Kansas City F. & M. in 1955.



H. R. Bondurant W. E. Stewart

Howard R. Bondurant, former assistant manager of the loss department, replaces Mr. Stewart as manager of that department. He has been with the company since 1953. For a number of years before that he was with the Mill Mutuals in Kansas City as assistant auditor.

McGrath Joins Caplis

James W. McGrath has been named vice-president of Caplis Inc. He had been with Continental Casualty for six years and at the time he left was manager of the automobile underwriting department.

Caplis Inc. (formerly Caplis-Hielscher) is the largest local representative of Lloyd's outside of the Chicago Loop area. The agency recently moved to larger quarters at 524 Devon Avenue, Park Ridge.

Supreme Court Appeal By Pa. Commissioner On State Laws Ruling

Commissioner Smith of Pennsylvania has appealed to the state supreme court a lower court ruling which held the state insurance act of 1956 and a part of the 1959 insurance law unconstitutional.

Sections of the two laws had been challenged by eight mutual companies on the grounds that they require the companies to establish unearned premium reserves on policies of $75,000 or more.

The equity suit was brought by Broad Mutual, Commonwealth Mutual, Empire Mutual, Gibraltar Mutual, Granite, and Safeguard, all of Philadelphia, and Lawn Mutual, and Tri-State Mutual, both of Palmyra, Pa.

In addition, 20 other companies intervened, including Home Mutual Fire, Pennsylvania Threshermen & Farmers, Retail Mutual Fire, Donegal Mutual, Mt. Joy Mutual and Paradise Mutual.

List Some Features For NAIA Convention

One feature of the annual convention of National Assn. of Insurance Agents in Atlantic City Sept. 26-28 will be a full day's workshop on the techniques of modern selling presented by the Merrett-Adams Training Institute. The theme of the convention is "Sales Plus Service Equals Success in the Sixties." James T. Adams, William T. Harris and Larry Ronson will present the sales workshop Sept. 27.

A casualty and property workshop will be held on Sunday, Sept. 25. This will feature reports from the five NAIA technical committees—property, casualty, fidelity, metropolitan, and rural—which were put together this year to form a conference subcommittee. This will be an audience session.

There will be a local board and membership luncheon meeting Sept. 26, a new feature, and an educational breakfast and rural and small lines luncheon Sept. 27.

Stuyvesant has moved its New York fire underwriting branch to 75 Maiden Lane.

American's Farmowners Package Available In More Midwest States

American's new farmowners package policy has been approved in five states—Illinois, Iowa, Indiana, North Dakota and South Dakota. The form was first approved in Illinois about three months ago and the company is waiting for approval in four more midwest states.

The policy extends coverage to dwelling, household effects and private garages comparable to that under the homeowners form 2. In addition, basic limits of 10,000/10,000/250 are available under the comprehensive personal liability section.

Protection may be added by endorsement for barns, outbuildings and farm implements against the perils of fire, windstorm, hail, aircraft, vehicle, explosion, riot and smoke. The CPL may be extended to cover employer's liability and animal collision.

Life Company Wins Motion For Award On Ky. Bonds

Federal court at Louisville has sustained the motion of Texas Continental Life for a directed verdict favoring that company in its case to recover $103,000 on the notorious bond issue at West Buechel, Ky. The judgment comes despite a hung jury in a federal court trial last November.

All States Life of Dallas, seeking a similar motion, lost out, and will have to go through a second trial scheduled for Nov. 29. All States Life was seeking recovery of $257,000.

The defendants in both suits are Bankers Bond Co.; Mrs. Elinore Sedley, chairman of Bankers Bond; Charles D. Dunne, president of Dunne Press of Louisville, and his son, James E. Dunne II.

Texas Continental Life and All States Life allege they were defrauded when they bought $350,000 of the $2 million bond issue from the now defunct Jack Cage & Co. of Dallas. After the case wound up with a hung jury, they put in a motion claiming a favorable ruling as a matter of law.

Joe Hunt Gives Warning On Claim Settlements

Commissioner Joe B. Hunt of Oklahoma has issued a "warning" dated July 19 to insurance companies and their adjusters. It goes as follows:

"We, in the Oklahoma insurance commissioner's office, are not the 'old guards', nor are we the 'new guards', but we provide the 'safeguards' for the insurance buying public.

"We extend congratulations to the majority of companies and their adjusters for their fine job in settling losses, but there are a few companies and adjusters that are chiseling and cheating in claim settlements, and this is to warn those guilty that if this practice isn't stopped they are going to be called on the carpet to show cause why their licenses shouldn't be cancelled.

"It is our duty to protect the needy from the greedy, and this goes for both the assureds and insurers."

North America Raises Ludwig, King, Spinney And Ratcliffe In N. E.

North America has appointed four assistant managers—Raymond T. King Jr. and George E. Ratcliffe at Hartford, and Paul W. Ludwig and Chester R. Spinney Jr. at Boston.

Mr. King joined North America in 1951 and has been a special agent in northeast states for nine years. Mr. Ludwig was with Phoenix of Hartford before joining North America in 1952.

Mr. Ratcliffe went with the company as a trainee at Long Island in 1950. Mr. Spinney entered the business with Employers Fire in 1942. He was a special agent with Field & Cowles, Boston, for 14 years before joining North America in 1956.

Consider 28% Boost In Blue Cross Rates In O.

Superintendent Stowell of Ohio said Blue Cross in southwestern Ohio will need some adjustments in its rate structure, "but we do continue to have some reservations about the amount of the increase," after he and Sheldon L. Greene, chief enforcement officer of the department, conducted a hearing in Cincinnati on the 28% rate rise requested by Hospital Care Corp. He indicated there would have to be more conferences with Blue Cross and hospital officials on how the 28% factor was reached. He expected to make his decision by Aug. 3.

Paul E. Martin, consultant actuary of Hospital Care, said in his detailed testimony that the basis of the 28% consisted of 5% for increased room allowance on the standard contract and 23% for increases in costs.

In a 61-page application for the increase, Earl H. Kammer, executive vice-president of Hospital Care, stated that in 31 months ending last March the average hospital bill increased 20.8%, admissions increased 12.7%, and total days of care increased 40.8%. He brought out that delay in granting the increase, caused by the hearing, would cost Blue Cross $880,000 which cannot be recovered.

General Union Mutual Of Chicago Under Ill. Department Review

The Illinois department on July 13 filed a complaint in circuit court seeking appointment of a rehabilitator for General Union Mutual of Chicago. On July 15 it was decided by the court that the company could continue to pay claims but it was prohibited from accepting new business until it receives department approval to do so.

Dirksen Comments On O'Mahoney Inquiry

(CONTINUED FROM PAGE 1)

honey urged then and urges now that the states are unable to cope with the problems of regulating those business activities which extend beyond their borders. History since 1940 has disproved Mr. O'Mahoney's beliefs and predictions, Mr. Dirksen indicates.

The majority report of the antitrust and monopoly subcommittee runs to 5,708 pages. Sen. Dirksen's is 118 pages long.

Pointing out the differences between insurance and other enterprises, Mr. Dirksen declared that it would be a great disservice to U. S. citizens if Congress were not to recognize this difference. While fostering competition, therefore, Congress must not at the same time encourage methods or practices which might weaken the ability of insurance companies to meet claims.

Nature Of Competition

He quotes Dr. Simon N. Whitney, chief economist and director of the bureau of economics of Federal Trade Commission, who, in a study of antitrust policies published in 1958 by the Twentieth Century Fund, describes the nature of competition in the insurance business:

"In the absence of competition through price cutting, insurance companies have competed by searching out possible customers tirelessly, supplying them with expert advice on their risks and needs, offering them the widest coverage and variety of provisions and options, and giving prompt settlement of claims.

"In the fire and casualty fields, the companies are usually competing less for the favor of the insured than for that of independent agents, who customarily represent several companies and can often select the underwriter for a given piece of business. In the opinion of insurance men, several times as many people know what agent handles their fire or general liability insurance as know what company writes it. Since these agents are careful about the financial stability of the companies with which they deal, fire and casualty companies must not only vie in the commissions and prizes they offer to agents, but in the 'solid' financial structure they show.

"The agents themselves are strongly opposed to company price cutting. They are delighted when insurance executives tell them that competition ought to be confined to four channels: (1) Offering the policyholder the maximum of financial security; (2) finding 'better and broader methods of providing protection;' (3) development of 'special arrangements;' and (4) service.

Not Public Utilities

"Assuming that rates are to be set for the most part in cooperation, and that they must, therefore, be regulated by public authority, some objective content to the words 'excessive' and 'inadequate' is certainly desirable. However, there is less of an accepted theory for the fixing of rates in insurance than in the public utility field. Insurance companies are not public utilities. They sell a service which has come to be considered a necessity, but they are not obligated to serve all would-be customers, and the individual companies do not have a monopoly like that of local electric power companies. A rate which would give a 'fair return' to one company might, therefore, give more or less to another.

"Jules Backman, in his book Surety Rate-Making, argues that return on net worth is not an ideal criterion, since the net worth of a company is not segregated according to lines of insurance; that reliance on cost of production alone ignores other relevant factors; that self-insurance and other alternatives are not always present, hence rates cannot be set according to the principle of alternative opportunities; and that the least illogical rule is for the commissioner to use his best judgment in considering all factors and in estimating what is a reasonable profit above cost.

Cost And Profit

"In view of the difficulty of defining both cost and reasonable profit, there is a strong 'argument by elimination' for endorsing competition as a yardstick for rates wherever possible buttressed at all times by the fullest possible publicity for all rates. A minority of writers defend such reliance on competition.

"It may be granted that insurance offers peculiar dangers from cutthroat price competition, and that the public has a long-run interest in the survival and solvency of the insurance (as also of the banking) firms with which it deals. But the state superintendents now have powers that they did not possess when the price wars of the 19th and early 20th centuries took place. If they interpret 'adequate' rates as those which would cover the losses shown by a broad tabulation of experience like that compiled by the rating bureaus, and use their commonsense judgment in determining whether a company is cov-

ering its own expenses (rather than the average expenses of the whole group) in its projected rates, it should be possible to preserve the solvency of practically all insurers. . ."

On this, Mr. Dirksen comments: "Unrestricted competition in insurance rates would cause disastrous effects to assureds."

At another point Mr. Dirksen notes that insurance differs from an ordinary commercial activity because it involves the handling of trust funds. However, it is not a public utility, and the growth of individual insurance companies reflects an active competition between them in meeting the needs of insured.

While the cost of insurance is understandably a consideration to any prospective purchaser, the stability and integrity of the company to meet demands which may be placed upon it many years in the future are more important to an intelligent person in planning his insurance needs. Competition among insurance companies includes efforts for better service in the prompt settling of claims as well as technical assistance to establish improved methods and procedures to eliminate or reduce future losses before they occur.

Lower Insurance Rates

If a firm through these practices is able to reduce the claims experienced by its policyholders, Mr. Dirksen observes, in due course this will result in lowered insurance rates, and thus will reflect the price competition to which professional theoretical economists so often refer. In fact, the history of the insurance business shows a lowering of rates as risks have been reduced and spread over a wide area. To minimize catastrophic losses, the practice of reinsurance has been widespread within this industry. It is amply justified in order to avoid the concentrated loss to any one firm which would take place unless this procedure were followed.

Success in the competitive race in this industry is also dependent on a firm's investment policies as well as its ability to secure new business, thus further spreading the risk and taking advantage of the accepted theory of safety in numbers. An overemphasis on pure price competition prevents a realistic understanding of the economic factors which must determine the course of progress in this important sector of our economy."

Mr. Dirksen, addressing his report to the matter of regulation, becomes especially tart.

After a lapse of 20 years (from the study by the Temporary National Economic Committee) it is difficult to reconcile the philosophy which has been advanced in the majority's report that the views by minor government bureaucrats not clothed with policy-making responsibilities should be the basis for legislation by Congress.

"Our government was founded on the premise that the states were to elect their officials, establish their responsibilities, as well as their compensation without control or interference by the federal government. The majority's report is replete with gratuitous advice to the states, which is completely unwarranted from testimony adduced during the course of these hearings. This subcommittee is in no position to advise any of the 50 states as to the tenure of those responsible for the supervision of insurance, the method of organization of their insurance departments, or the compensation of their employes. These are matters solely within the jurisdiction of the several state legislatures and the 50 governors elected by the citizens of their states.

"If there ever was a question involving the issue of states' rights, it is clearly presented in the majority's report. If the time ever arrives when the Congress adopts a system of imposing standards upon state governments, the entire basis of inter-governmental relations embodied in our Constitution will have been destroyed."

Can't Be Properly Studied

Mr. Dirksen doesn't believe the business and its regulation can be properly studied in the short time the anti-trust and monopoly subcommitttee devoted to it. "Any comprehensive review could not be compressed into a period of 20 days, during which this subcommittee attempted to study aviation hull and casualty insurance, air travel insurance, ocean marine insurance, as well as the broad area of state regulation. With all charitableness this study must be regarded as a superficial review of a complex industry. It is inconceivable that staff members would attempt to arrogate to themselves the judgment which has been acquired by those who have devoted their entire careers to a study of this topic."

The inadequacy of the hearings in terms of understanding the extent of present state regulatory activity is shown by the fact that representatives appeared on behalf of only six states—New York, Nevada, New Hampshire, California, Virginia, and Pennsylvania.

Federal Regulation

"There is a strong belief which permeates the majority's report that when an insurance company operates in a state other than that in which it is domiciled, there should be federal regulation. However, in order to do business in another state, a company must first be licensed to transact business. The granting of a certificate of authority to a foreign corporation to do business in another state is a very serious responsibility, particularly in a state which is already well served by thousands of insurance companies. The state will require that the company may not only meet all technical requirements of the law, but it will satisfy itself that the methods of operation of the company are such that it is unlikely within the foreseeable future that it will run into any financial difficulty."

The protection of local companies is not a motivating force in keeping out other insurers, Mr. Dirksen declares. This should be evident because there are many insurers whose business is not confined to their home states. Insurance department personnel are well aware that insurance is not a local business. However, some departments are sufficiently interested in the public welfare to resist the entrance into their states of companies the financial fortunes of which may raise doubts in their minds.

Some states pride themselves on the fact that policyholder losses from failures of out-of-state insurers have been negligible over the years. That this is contrary to the public interest seems doubtful.

Concern Over Mergers

The majority report expressed concern over insurance mergers. On this point the majority report states:

"The study revealed that the states have not dealt effectively with mergers which have occurred in the insurance business. In the period between 1953 and 1957, 187 mergers were reported and in no case were any of the mergers disapproved by the respective insurance departments. The subcommittee strongly feels that one of the most serious threats to a free competitive market in insurance is the extent to which merger activity is privileged or condoned either because of the lack of adequate state legislation or lack of concern with this problem.

Difficulties Of Mergers

"Furthermore, the interstate character of insurance also underscores the difficulties that insurance departments have with reference to the merger question. Two companies organized outside a given state may merge and not substantially affect the competitive market within their domestic states where they have sought approval for merger. However, in the state where they are both considered foreign companies the competitive situation might be quite seriously affected, and the local insurance commissioner in most cases would have no jurisdiction or power to prevent or forbid the

merger. A serious hiatus exists in state jurisdiction over merger activities.

"Stern necessity," the majority report goes on, "may require that the federal government assume a more forceful role in insurance mergers. The anti-trust division of the Department of Justice continues to assert that one of its foremost, if not principal, responsibilities is to check in its incipiency the substantial lessening of competition resulting from mergers and acquisitions.

Not Technically Equipped

"It is evident that state insurance departments have devoted little time to these considerations. In many cases they are not technically equipped to handle the problem. Serious questions exist as to their power under state law to cope with the myriad complexities of large mergers. Against this background, the responsibility of the federal government looms large in achieving uniformity of policy, filling the vacuum resulting from defects in state authority, and protecting our competitive economy from the inroads of concentration.

"This is clearly an area where amendments to the McCarran act may be needed," the majority report goes on. "To date, the federal anti-trust enforcement agencies have not seen fit to request additional authority in the insurance field. Developments in the industry in the immediate future and the experience of the federal government under the present law will determine the need for any change."

To this Mr. Dirksen replies that nothing in the record shows that state insurance departments have difficulties dealing with mergers. The statements in the majority's report represent hypothetical situations conjured up by the authors to support their theory.

Not Highly Centralized

The insurance business, Mr. Dirksen goes on, unlike most others, is not highly centralized. Hence it is difficult to reconcile the recommendations advanced concerning mergers with the problems at hand. Any review of the statistics clearly shows there has been ease of entry and less concentration over the years. The record reveals no single instance in which insurance mergers have been an obstacle to effective competition.

The majority report refers to the problems of liquidation. It states: "Whereas many new companies have been formed in the last five years, there also have been a substantial number of liquidations based upon laxity of examination procedures, inadequate minimum capital and surplus requirements and failure to scrutinize underwriting and reserve activities of the companies operating within each state's jurisdiction. Liquidations also pose interstate problems in doing equity to policyholders residing in many different states. Deposit laws are an attempt at protecting local insured, but the state regulatory machinery is generally quite incapable of handling the complex liquidation problems of an interstate insurance company operation."

Mr. Dirksen says the majority appears to assume that whenever a business fails for any reason whatsoever, the regulatory authority involved is at fault. Such a premise is completely unfounded.

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Standard Accident has appointed Ross F. Crowley assistant office manager of the San Bruno (Cal.) division in the Pacific department. He began in insurance with the company in 1947.

Do-It-Yourself Speech Training Catching On

Field, home office and executive personnel in the insurance business, for whom the ability to speak effectively is often a bread-and-butter asset, are getting an assist these days from Toastmasters International—an organization that helps men to train themselves in the "art" of self-expression.

A recent breakdown of membership by industry affiliation discloses that employes in insurance constitute one of the largest groups engaged in the program, which is non-profit. More than 30 insurance companies in the U. S. and Canada are officially encouraging or actively sponsoring the program.

There are some 3,300 clubs operating on the "learning by doing" principle. Meetings are, in effect, laboratories where members learn the fine points of public speaking through practice and evaluation by fellow members. Along with developing the ability to speak articulately and convincingly before audiences, members learn how to prepare and present material for group discussion, to organize and conduct meetings, and to listen analytically.

Headquarters of Toastmasters International are in Santa Ana, Cal.

National Fire Names Mulcahy, Hoppenjan To Higher Posts In West

T. L. Mulcahy has been promoted to assistant manager of the production staff in the western department of National Fire. W. D. Hoppenjan succeeds him as manager of the fire, marine, and multiple peril division in Wisconsin and the Upper Peninsula of Michigan.

T. L. Mulcahy

In 1931 Mr. Mulcahy joined National Fire as farm special agent. He was transferred to Wisconsin in 1934 to handle all classes and in 1944 was appointed state agent for Wisconsin. In 1951 the Upper Peninsula of Michigan was also placed under his supervision. In 1957 he was appointed manager of the fire, marine and multiple peril division for Wisconsin and the Upper Peninsula.

Mr. Hoppenjan joined National Fire in 1952 as special agent in Wisconsin and was promoted to state agent in January, 1960. Associated with him are Special Agents Czechowicz and Quinn at Milwaukee and Special Agent Rogo at Wausau.

Compulsory Cover Gives N.Y. Contractors Trouble

Agents in New York state are running into some complaints in the contracting area, particularly from small contractors, because of a change in the law which became effective last April 1. At that time it became necessary for contractors to register as motor vehicles road building and other equipment and machinery which used the public highways. When this occurred, such equipment became subject to the compulsory automobile insurance law and the coverage of such equipment, formerly included in M&C, had to be furnished separately, under form 8CA.

The change did result in some increases in premiums over what the contractor may have been paying previously under M&C. Also, some contractors registered all of their equipment and machinery, whether it was used on the public highway or not, though the law requires registration only of such equipment as does use the highways.

Nationwide General on Aug. 1 will begin selling merit-rated auto insurance in Florida.

WANT ADS

Rates—$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

FIRE UNDERWRITER

Progressive stock agency company has need for a fire underwriter with several years experience, especially in commercial lines. Should have knowledge of inspections, rate make-up, capacity, etc. and be familiar with commercial property and industrial property forms. Portion of time to be spent on outside sales working with field men, with headquarters at Branch Office, Columbus, Ohio. Submit resume of experience to Box S-72, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

UNDERWRITER—AUTO

Recent development of a new auto division provides an opportunity to get in on the ground floor of a nationwide insurance group. Desire an underwriter with experience in the passenger car line. Prefer a man who has underwritten the business of Ohio residents. Must be familiar with office routine. Age open. Salary commensurate with experience. Apply in person.

BANKERS LIFE & CASUALTY CO.
4752 N. Kostner
Chicago 30, Illinois

Exceptional opportunity for qualified fire adjuster, capable of handling large volume of claims and able to assist in the management of expanding Oklahoma independent adjusting firm. Minimum of 5 yrs. exp. and college education or equivalent is necessary. Earning is based upon production with a draw in excess of $500 against actual earnings plus automobile and expenses paid. To the right man, we would consider reimbursing ½ of moving cost after 6 mos. employment and balance within 2 yrs. Application must be in writing and will be held in confidence. Submit qualifications, refs., snapshot, and exp. in first letter. Personal interviews will be paid by co. Reply Box S-81, c/o National Underwriter Co.

BOND SPECIAL AGENT - MANAGER

Pittsburgh Office National Multiple Line Company. Salary open. All replies confidential. Ad known to our employees. Send resume to Box S-92, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

NEW YORK CITY MANAGER

Fire and Inland Marine branch office manager with wide brokerage acquaintance and many years of experience would like to place these qualifications where they may be of mutual benefit. Salary unimportant to start. Write Box NY-37, National Underwriter, 17 John Street, Room 1401, New York 38, N.Y.

CHARTER FOR SALE

CHARTER & MANAGEMENT CONTRACT OF DOMESTIC PENNA. MUTUAL CASUALTY COMPANY FOR SALE. PRESENT OWNERS UNABLE TO OPERATE. WRITE BOX S-87, NATIONAL UNDERWRITER, 175 W. JACKSON BLVD., CHICAGO 4, ILLINOIS.

AVAILABLE

Ambitious, energetic, conscientious, young man capable of training and supervising a staff of fire and marine adjusters. Thougroughly experienced all phases fire and marine losses. Desire connection on regional or home office level with progressive company. Will relocate, any area. Write Box S-86, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

ACCOUNTANT

3½ years public accounting and 3 years home office level as Ass't. Controller. Desires position as controller or possibly assistant in multiple line co. Age 34, degree. Reply Box S-83, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

EXPERIENCED FIRE ADJUSTER

with 10 years fire and allied lines background desires to relocate in Florida. Presently managing large midwest claim office. Interested in independent adjusting firm or company claim work. Under 40 years of age, married with family. Write Box S-97, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

MISSISSIPPI INSURANCE DEPARTMENT

desires services of full-time casualty actuary. Must have experience and record of satisfactory prior employment. Adequate compensation for a qualified man. Contact

WALTER DELL DAVIS
COMMISSIONER OF INSURANCE
JACKSON, MISSISSIPPI

EXCELLENT AGENCY OPPORTUNITY

Old Established general insurance agency in Cincinnati has need for a man between 30 and 45 who is a good salesman and is familiar with casualty business. Attractive salary and commission. Can become owner of 49% of agency without investing any money. $175,000.00 in volume of top grade direct business. No solicitor business and no public or long distance auto lines. Owner reaching retirement age. Excellent opportunity for man who can qualify. Correspondence or conferences held confidential. Write Box S-84, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FIELDMAN

Well established territory available in downstate Illinois for a multiple-line field representative. Underwriting and/or field experience essential. Outstanding position with excellent growth opportunities for the right man. Eighty agents to supervise, over a million in volume and a Branch Office out of which to work. Write Box S-96, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

SPECIAL AGENTS
NORTHERN INDIANA
NORTHWESTERN OHIO
TENNESSEE (AGENCY MGR.)

Growing mutual multiple line company with "pup" has attractive openings in well established territories. If you can further promote production from present agents and appoint new ones, you'll have a good future in one of these jobs. Please give us in confidence, complete summary of your education and experience. Our employees know of this ad. Box S-91, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

CLAIM SUPERVISOR

Established company operating in the middlewest and east seeks experienced claim supervisor to work in Chicago home office. Prefer man 45 or older with experience in Automobile, general liability and compensation fields, part of background having been gained as an adjuster. Good salary and opportunity await the proper man. Reply to: Box S-93, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

DETROIT MICHIGAN WORKMEN'S COMPENSATION

We are competitive and can help you solicit new accounts. Write our General Agency in confidence.

Kelter's, Inc.
10310 W. Seven Mile Rd.
Detroit 21, Mich.

GENERAL INSURANCE AGENCY FOR SALE

in Piedmont section of North Carolina. Premiums written in past year $107,000. with commissions of $20,900. If interested we will forward details. Write Box S-95, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED: General Agency Contract for Civil Bond Company—Ohio

Established Managing General Agency with a seasoned staff and agency plant has need for bonding company that is currently entered in Ohio. Write Box S-90, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

UNUSUAL OPPORTUNITY for SERVICES MANAGER

Progressive minded 35 year old Casualty Company is streamlining its operation. We have an unusual opportunity for a man under 35 with policy production experience to take complete charge of our policy production line, clerical personnel and to coordinate the use of our electronic equipment. This is a permanent position carrying department head status. We want a capable man who through actual experience knows this phase of the business and who is willing to grow with a growing company. Salary open. Retirement and full insurance benefits. Submit biographical information, qualifications and expected starting salary in writing only to personal attention of Secretary.

HERITAGE MUTUAL INSURANCE COMPANY
809 North 8th Street Sheboygan, Wisconsin

SPECIAL AGENT

Large multiple line mutual company needs special agent for State of Illinois. Prefer resident central section. Salary, car, paid vacation, company benefits. Partial agency plant established. Travel involved. Write giving complete personal and work history. All inquiries confidential. Write Box S-89, National Underwriter, 175 W. W. Jackson Blvd., Chicago 4, Illinois.

SURVEY MAN

WANTED: Insurance survey man for Boston firm. Expansion of international status has created need for college man to join our staff. Should have working knowledge of all general lines and ability to analyze coverages and prepare reports. Our firm does not sell insurance. Address Box P-64, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

Company to write financial responsibility in Michigan. Agency can produce at least 50 thousand in premiums per year. Write Box S-78, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

INLAND MARINE UNDERWRITER

Opening in Home Office of "A" rated multiple line stock company for experienced Inland Marine Underwriter as Assistant to department head. Salary based on experience and ability. Reply—Personnel Dept., Commercial Standard Insurance Co., P.O. Box 12216, Fort Worth, Texas.

FOR SALE: CASUALTY & SURETY CO.

All assets invested in cash and government securities. Penn. mutual company is 3 years old. All ins. will have expired at time of sale. Surplus including surplus notes is about $270,000. Box S-85, National Underwriter, 175 Jackson Blvd., Chicago 4, Ill.

WANTED:

Local agency office manager. Prefer female. Good typist to handle accident reports, claims, renewals. Familiarity with manuals desirable. State salary desired. Write P.O. Box 22, Sheboygan, Wisconsin.

Editorial Comment

The Agent's Role In Marketing

In modern marketing, all steps from the development of a product until it is accepted and approved by a customer are not isolated functions but are part of an integrated procedure. This includes the production of the product, its packaging, pricing, distribution, advertising, merchandising, promotion and selling.

In an efficient marketing operation in most fields of business, the salesman is not merely the one who sells what his principal makes. He plays a more important role in the total marketing effort.

Business in general has found that the salesman must have a thorough knowledge of the thinking and planning that go into a product, because he must present it with the enthusiasm that can only grow out of deep understanding. In addition, the salesman becomes the company's intelligence unit in the field. He relays to the home office all information which he obtains about projected competitive products, reception of products, and buyer attitudes in general.

Packaging and format are also the salesman's concern. When he knows the thinking that went into his company's selection of a particular package he can discuss the matter persuasively with a customer.

A salesman must be informed of the principles underlying his company's pricing practices if he is to cooperate effectively in an over-all marketing program. Full understanding of the company's pricing philosophy helps him to overcome customer resistance and to counter competitive inroads. Only when fully informed can he sell a quality product rather than price.

The salesman must become an expert in distribution—the study of further outlets for his product. He should be acquainted with clients' planning for business expansion and with changing circumstances in their personal affairs. He should study the client's problems and relate his own product and services to their solution.

In merchandising, the salesman will find it valuable to know the factors that affect his customers' profits. Then he can talk to them in their own language and show how his product contributes to the customer's net profit—the subject most interesting to any client.

The salesman should be informed of the thinking behind his company's advertising so that he can cooperate intelligently with its aims. Advertising is a continuing sales course for the salesman. If he knows its fundamental purpose, he can transmit the selling message that the ads convey between his calls.

Finally, the salesman must be promotion minded. By telling the company what promotional material is most effective in his territory, he can keep a lot of it out of the trash basket. The salesman's ultimate function is to sell. He will discharge this final step in the over-all marketing procedure with renewed enthusiasm and efficiency if he is conversant with all the other marketing factors which have preceded the sale.

With traditional insurers moving toward the over-all marketing concept, the word "agent" should be substituted for "salesman" in the foregoing discussion. However, companies have been slow to include the agent in the entire marketing picture. That is why there are increasing complaints from agents about lack of consultation with their companies.

To the degree that agents seek conferences with individual companies on specific practices in marketing, their complaints are justified. However, when agents advocate conference and consultation through their associations with company committees of a bureau or similar body, they are walking up a path without destination. The agents' association representatives have no mandate to discuss their members' individual business arrangements, and the competitive company representatives in such a meeting are certainly not going to divulge their individual plans or marketing philosophy for the benefit of those who are after the same market.

Conferences of this type degenerate into an exchange of polite political demurrers. Agents—who set great store by their independence and individuality—can effectively influence product and marketing practice by consultation with their individual companies.—J.N.C.

Deaths

JOHN A. DELORT, 39, a fire underwriter for America Fore Loyalty group at Chicago, drowned at a family outing while swimming in the Du Page River in Churchill forest preserve between Glen Ellyn and Lombard, Ill. He had spent his entire business career with the group, beginning in 1946. He was the newly elected vice-president of Assn. of Fire Insurance Examiners of Chicago and in the normal progression of events would have moved up to president the following year.

J. B. ROYSTER, 47, head of the X. R. Royster agency of Henderson, Ky., died.

CHARLES W. MONTGOMERY, 101, who retired two years ago from his agency business at Decatur, Ill., died. He had been ill for a year. The agency, C. W. Montgomery & Son, will continue to be operated by a son, Paul E. Montgomery.

EDWARD J. GARRISON, 44, New Jersey state agent of Royal-Globe, died at his home in Short Hills, N. J. He had been with the group for more than 25 years.

LEO J. RECH, 63, adjuster at Chicago for Northwestern National, died along with his wife in an automobile accident. In the business about 30 years, he had been an independent adjuster until joining Northwestern National in 1936.

JESSE W. RICHARDS, who founded the local agency bearing his name at Marshall, Va., in 1902, died in his home there. The agency is now being operated by F. E. Van Deman Jr.

JAMES H. McKINLEY, 76, who retired two years ago from the Tromp & McKinley agency of Eugene, Ore., died after a long illness. He had been in the agency business for 36 years.

GEORGE T. SCULLY, 70, founder and owner for 34 years of George T. Scully Insurance Service at Chicago, died in Little Company of Mary Hospital there. He had not been active in the agency for about four years. One of his four sons, John J., has been operating the agency and will continue to do so. The late Mr. Scully had also for a number of years been an administrative assistant to Rep. William T. Murphy, (D.) 3rd district.

FRANCIS R. BLOSSOM, 68, senior vice-president of Fred S. James & Co., Chicago brokers, died there in his home. He had been in poor health for some time. He began with the agency in 1920, shortly after graduation from Yale, becoming a member of the firm two years later. His brother, George W. Jr., now chairman of the agency, was president for many years, and F. Reynolds Blossom Jr., son of Francis Blossom, is vice-president.

ROYAL A. DANNAHY, retired claims supervisor of Employers Liability, died at Longwood Hospital, Boston. He had been with the company 41 years when he retired last year.

C. JOHN KUHN, 62, vice-president and treasurer of C. I. T. Corp., died at his summer home in Branchville, N. J., after a short illness. He was an executive of Firemen's of Newark before joining C. I. T. in 1943 as vice-president and a director of Service Fire and Service Casualty, the C.I.T. insurers. He was elected treasurer of the parent corporation in 1953 and vice-president in 1955.

MARK TOWNSEND Jr. 76, senior partner in the Jersey City law firm of Townsend & Doyle, died at the home of a daughter in Frederick, Md. He had practiced law for 53 years and was widely known among defense attorneys and insurance company executives. His firm represented many of the large insurers.

E. V. KING, retired manager of West Virginia Inspection Bureau, died at Charleston Hospital after a short illness. He had been with the bureau for 45 years.

THOMAS C. ANDERSON Sr., 60, a vice-president of John Naghten & Co. agency at Chicago, died there in his home. Last month he underwent major surgery, which was followed by complications requiring additional surgery. In the insurance business in Chicago about 40 years, he had been in Lloyd's operations about 20 years. In the 1930s he was casualty manager

Stocks

By H. W. Cornelius of Bacon, Whipple & Co. 135 S. La Salle St., Chicago, July 26, 1960

	Bid	Asked
Aetna Casualty	84	87
Aetna Fire	83	85
American Equitable	39	41
American, Newark	26½	27½
American Motorists	13¾	15
Boston	31½	33
Continental Casualty	66½	68
Crum & Forster	64	66
Federal	58	60
Fireman's Fund	54	56
General Re.	104	108
Glens Falls	34½	35½
Great American	43	44½
Hartford Fire	48½	50
Hanover	41	43
Home of N. Y.	55	56½
Ins. Co. of No. America	61	63
Jersey Ins.	31½	33
Maryland Casualty	35	36½
Mass. Bonding	39	41
National Fire	126	130
National Union	37	38½
New Amsterdam Cas.	53	55
New Hampshire	52	54
North River	36	37½
Ohio Casualty	23½	25½
Phoenix, Conn.	77	79
Prov. Wash.	21½	22½
Reins. Corp. of N. Y.	22	24
Reliance	51	54
St. Paul F. & M.	56	57½
Springfield F. & M.	32	33½
Standard Accident	49	51
Travelers	85	87
U. S. F. & G.	41	43
U. S. Fire	29	30½

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for Engelhard & Co. and later went with Jones & Whitlock as assistant secretary. He subsequently joined Griffiths-Tate, which he headed for a number of years until about 1958 when he joined the Naghten agency. A son, Thomas C. Jr., is with Wellborn & Wellborn agency at Fort Worth, Tex.

HARRY F. BADGER, 80, retired manager of the Pacific Board, died of a heart attack at San Francisco. He joined the board in 1911 and, except for a brief period with North British, was with the organization until his retirement in 1952. With the board he had been an examiner, engineer, executive secretary and manager. Mr. Badger's wife suffered a coronary some months ago and is still incapacitated.

Expect Approval Of 2.2% Increase In WC In Mo.

JEFFERSON CITY—Superintendent Leggett is expected to give approval shortly to the filing of National Council on Compensation Insurance which calls for a 2.2% increase over-all in Missouri WC rates. There would be a 2% decrease for manufacturing risks, no change in contracting risks and a 6% increase in the other classes. The new rates would become effective Sept. 1 for new and renewal business.

The filing was discussed at a public hearing this week. It was explained that the council's proposal includes occupational disease losses in the policy year data for the last two years.

Ky. Commissioner Goes On Radio

Commissioner Hockensmith of Kentucky appeared as the guest expert on a Louisville radio show built around telephone calls from listeners. Mr. Hockensmith took calls for an hour and a half over WHAS.

The subject under discussion was whether individual driving records should affect automobile insurance premiums. However, Commissioner Hockensmith answered questions which covered a much wider area. In fact only two phone calls dealt directly with the announced topic.

Several comments gave Mr. Hockensmith an opportunity to explain the services of the agent and a number were answered by him in expressions of tribute to the essential fairness of insurers.

Pittsburgh Ganders Elect

Steel City (Pittsburgh) pond of Blue Goose has elected John J. Donovan, General Adjustment Bureau, most loyal gander. Other officers are Robert Schneider, London Assurance, supervisor; Donald McIntosh, Marsh & McLennan, custodian; Harry Jinks, Farmers Fire, guardian; James White, Industrial Appraisal Co., keeper; and James McEnroe, Knowlan, Thorpe Co., wielder.

Zurich Promotes Cogburn At Dallas

Zurich has promoted B. D. Cogburn to sales superintendent and appointed Jaime E. Dickerson and Robert L. Drag Jr. multiple line sales representatives at Dallas. The office supervises Texas and Oklahoma.

Mr. Cogburn joined Zurich in Dallas as a sales representative in 1959. Prior to that he was with North British, National Union Fire and the Texas department. It was incorrectly stated last week that Mr. Cogburn had been named manager at Dallas.

Mr. Drago was with Fireman's Fund, American Surety, and Universal C.I.T., all in Houston, before joining Zurich.

Mr. Dickerson will handle the northeast section of the territory. He had been with U.S.F.&G. in Dallas.

Allstate Non-Can Auto Cover In 3 More States

Allstate has extended its non-cancellable and guaranteed renewable automobile liability insurance to California, Nevada and Arizona. In conjunction with the non-can coverage, Allstate is combining its good driver plan. The program now is in effect in six states, having started in Illinois, Ohio and New York.

Agents Charge Non-Can Auto Cover Deceptive

New York State Assn. of Insurance Agents has filed a complaint with the insurance department in connection with the filing of Allstate's non-cancellable auto liability policy and the advertising of it. C. Joseph Danahy, counsel of the association, states that the advertising appears to be misleading and deceptive and therefore violates both the insurance law and the penal code.

In the advertising, the agents contend, bold type says the policy is non-can and guaranteed renewable but in type one-seventh as large states the policy can be cancelled for any reason in 90 days and for many reasons at any time. The ads in small print state renewal is not guaranteed and that the "traditionally low rates" may under the new filing result in a 200% surcharge, according to Mr. Danahy.

The complaint charges that the filing will enable the company to raid the auto liability market, retain the cream business, and cancel undesirable risks, which will end up in the assigned risk plan. This is, the agents contend, an unfair method of competition as defined in the insurance law. The complaint notes that no one presently in the assigned risk plan is eligible for the non-can coverage.

Zane F. Sherman & Associates, independent adjuster of Columbus, has moved its offices to larger and more centrally located offices at 5 East Long Street.